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TESTIMONY
of the
ALLIANCE FOR PUBLIC TECHNOLOGY
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CONSUMER INTEREST RESEARCH INSTITUTE

By

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President

On

UNIVERSAL SERVICE FOR LOW INCOME CONSUMERS
IN THE 21ST CENTURY

Presented To The

FEDERAL-STATE JOINT BOARD
Washington D.C.
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UNIVERSAL SERVICE FOR LOW INCOME CONSUMERS
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Congress has now mandated in Section 254(b)(2) of the 1996 Telecommunications Act that "access to advanced telecommunication and information services should be provided in all regions of the country." Section 706 (Advanced Telecommunications Incentives") defines the term "advanced telecommunications capability" as "high speed, switched, broadband telecommunications capability that enables users to originate and receive high-quality voice, data, graphics and video telecommunications using any technology".

Today, advanced telecom networks are proliferating at an increasing rate in this country, forming a series of isolated self contained LANS, or electronic islands as some refer to them, connecting only certain predetermined nodes, and each with its own protocols and specific band width capacity carefully designed to the specific purpose for which each network was designed.

The challenge which these advanced telecom networks pose to us as a nation is whether we are content to let large business and institutional users and a thin strata of American citizens -upper class, upper income urban and computer literate and a small number of densely populated, affluent urban communities- have exclusive access to these networks and services. If not, are there actions we can take now to ensure that all citizens and particularly low income consumers will benefit from what are truly life coping services which are important to our democratic society and which fulfill essential needs of all citizens?

This, as I see it, is the challenge confronting the Federal-State Joint Board in these universal service hearings which you have invited us to address.

We have been asked on this panel to focus our attention on health care for low income consumers.

Because of the underlying premise of my testimony today- that the deployment of high speed advanced telecom networks is essential to the delivery of health care services- I will devote my initial remarks to the important role which advanced telecom networks will play in the delivery of health care in the 21st century. I will next detail some of the steps I believe the Federal-State Joint Board must take in order to ensure that this nation's historical concept of universal service will be applied assure that these advanced telecom health care services will be accessible to low income and disadvantaged citizens and to rural, sparsely populated and inner city communities. In the last part of my remarks I will address myself specifically to the critical issue of affordability

of these networks and services for low income consumers.

HEALTH CARE AS A CRITICAL NEED FOR CITIZENS

Health care is one of the most important of the advanced telecom services coming on line today. The inroads made by the new electronic technologies into health care are specially significant for what they portend for improved equitable and cost effective health care services in the future and to enable consumers who in the past have had little, if any, access to health care providers to receive these new services.

It is essential in looking at the specific health care needs of low income consumers to appreciate the developments which are taking place in our health care system as a whole which will propel this nation into utilizing advanced telecom networks for the delivery of health care to the average citizen. There is an urgent necessity for government to make sure that low income citizens are not left out of this continuum because they are typically voiceless and powerless to affect policy and because their income levels and location are such that they are not likely to attract the attention of the private health care market.

Several government and industry task forces are currently working to reduce the paperwork and lower the administration costs of important aspects of the health care transaction. They are developing national high speed networks to facilitate the transmission of eligibility and benefit coverage determinations, billing and claims processing, managed care utility reviews, service audits and patient satisfaction surveys.

Unless these national electronic network systems extend to all health care and substance abuse clinics, community health care centers and ultimately into the home, the locus of significant health care provided to citizens today, the hoped for savings will not materialize because all services received by patients will not be captured. As a result, the patients' health care records which form a critical component of these automated systems will be incomplete. This will mean either missed cost savings or, if health care professionals are charged more for not sending in their claims and the like electronically, in added expenses for local hospitals, clinics and health care providers who cannot get connected to the high speed automated networks.

Patients are being asked increasingly to participate more affirmatively than ever before in decisions affecting their health care, from finding health care resources available to them, participating in pre-natal care programs, locating appropriate immunization, drug abuse, mental illness and other community resources. In addition, on line interactive health care data bases and expert decision systems are being developed to provide patients with better access to information which they need in order to deal with their health care problems. The new electronically delivered information systems constitute powerful preventive techniques and

highly effective motivating tools to help citizens adopt healthy life styles and to find help and guidance for their health problems.

Medicaid patients are increasingly being required to join managed care systems. Yet there is little information available to them on what these plans mean, how to choose their health care providers within these plans and generally how to deal with the advice and treatment regimens recommended to them including where to find the required drugs and the like.

Managed care systems are also increasing their emphasis on preventive health care and patient self care and trying to discourage office visits not considered critical to patients well being. It is not too far fetched to believe that at some point in the not too distant future financial impediments may be placed in the way of patients for not using these health care resources. Thus patients' ability to access health care information and expert consulting systems will become a real necessity if they are to avoid these extra financial costs. For low income citizens any such financial penalties could mean in essence a denial or postponement of care which can only exacerbate their health problem and increase the ultimate costs of taking care of it.

As other panelists will point out, telemedicine (as the remote delivery of health care is being called) has been employed to link up rural hospitals, clinics and correctional institutions to consultative services provided by specialists and other remotely based health care professionals. A few pilot projects are experimenting with bringing these telemedicine services to the home where the bulk of health care decisions and services are needed.

If the infrastructure existed to enable homes to receive advanced telecom services most particularly two way video, the remote delivery of health care monitoring and check up services could become commonplace at enormous savings and substantial increased convenience to consumers. The average working class family, single parent, elderly homebound chronic patient, patient convalescing at home from surgical procedures, and persons with disabilities for whom office visits to their physicians can become a major costly and time consuming experience will reap enormous benefits from these home care services and the services themselves can be delivered in much more cost effective ways. Therapists could coach their patients without having to come to their homes. Caregivers, physicians' assistants and homemaker workers could be supervised remotely and receive essential advice and assistance- again without the need for supervisors or physicians to make costly home visits. For low income consumers, these video home links to their health care providers may spell the difference between effective health care and no care at all. The problem for these citizens of transportation to a clinic, or more typically the emergency room, can be an insuperable barrier to all but the most serious health

care emergencies. For single parent families, getting to a clinic may be a near impossibility requiring a frantic mother with a middle of the night emergency to leave the children alone or somehow gather them all together for a trip to the emergency room. For older low income consumers who frequently live alone with no family available to help them, an electronic link with their local clinic or health professional can be literally life saving.

Once the infrastructure is in place to reach every home and office throughout the United States, the savings these advanced networks and services could bring to the nation's health care costs have been estimated at \$36b. One expert suggested that with only a 1% improvement in health care and education, productivity could be worth more than \$10b a year.

Arguments that consumers do not want or need these services must be dismissed out of hand. In the first place, consumers cannot make demands for 21st century advanced health care services which they do not know about or have never seen. On the other hand, the evidence from those providers and consumers who have experienced these services is quite to the contrary. They are enthusiastic about using the new telemedicine technologies for providing and accessing health care.

The critical issue confronting this nation is how quickly can we develop this infrastructure and ensure the availability and usability of these health care services to every citizen in the country.

THE ROLE OF THE FEDERAL-STATE JOINT BOARD IN PROMOTING UNIVERSAL ACCESS TO ADVANCED TELECOM HEALTH CARE SERVICES

The Congress has mandated the principles on which the Federal-State Joint Board shall base universal service policies. One of these principles is that "access to advanced telecommunications and information services should be available nationwide." Thus it is essential that the universal service support mechanisms which the Joint Board develops must embrace mechanisms which will move this nation towards the advanced telecommunications universal service goals of the Act which embrace the development of two way high speed switched telecommunications services.

The fact that Congress supplemented its enunciation of this principle with the further direction to the FCC to institute an inquiry within 30 months to determine whether such advanced capability is being deployed in a reasonable and timely fashion underscores the importance of immediate action now by the Joint Board to take whatever steps are available to include the promotion of infrastructure investment as one of the universal service mechanisms. The inquiry after a 30 months lapse of time will provide the FCC and the public with an opportunity to test out how effective universal service mechanisms can be in promoting

universal service before considering other more direct incentives and actions to ensure universal access to advanced services.

The vision of universal service is acknowledged by everyone. Yet too many people talk about universal service as if it meant simply the affordability of services once they are on line. This was not Theodore Vail's vision nor was it the vision of the Congress and of the FCC and the public utility commissions in this country which have so well served the nation in the remarkable consumer penetration of telephone service which has been achieved in this country. That vision is as critical today with respect to ensuring consumer access to advanced telecom services as it was to citizens' widespread use of voice services since 1934. The fact that universal service goals have not been achieved 100% does not detract from the progress that has been made and which would not have happened without the impetus of the universal service goal policies adopted by the regulatory commissions.

The Congress and the regulatory commissions have always recognized that the universal service concept laid down by Congress in the 1934 Communications Act was first and foremost an issue of extending the reach of the public network to every home in their service areas. Issues of affordability- and today of usability as well- cannot even be reached until networks capable of carrying these advanced telecom services are in place to bring these services to the citizen. As Larry Lennon, publisher of Telephone Magazine, in the October 17th, 1994 issue wrote: "the key to interactive services is the network infrastructure.... Network evolution must precede the services revolution."

In order to extend the concepts of universal services to the new telecom services, several principles are critical to take into account in the development of universal service mechanisms.

1. Universal service mechanisms must embrace infrastructure investment incentives.

Left to its own resources, the private sector will most likely deploy advanced networks aimed primarily at the most affluent customer groups and at the most densely populated areas. A major segment of our population who could most benefit from access to these new communications applications live in rural areas (64m), are below the poverty line (14m) or are scattered all over the country in small towns, and cities as well as in rural areas.

It is clear that advanced telecom networks are not likely on their own to evolve in an equitable even handed fashion which will serve all citizens much less low income citizens in inner city, disadvantaged and rural communities as Congress has laid down they must be served.

Regulatory policies promoting infrastructure investment will be

crucial to the universal service concept and the national interest. However, these policies cannot await evidence of consumer demand as is implied by the FCC's NOPR Principles ii and iii- a telecom service chosen by a majority of consumers and available on the public networks.

Consumers cannot signal their interest in any advanced telecommunications services unless these services are available to them. The only way to break through this chicken and egg dilemma is for the Joint Board to develop universal service mechanisms which will create incentives for and promote the deployment of advanced networks so that consumers can then indicate the extent of their interest in and demand for these services. Moreover, accelerated deployment of these networks are also of critical importance to information and multi media providers who are unlikely to design multi media products for the use of the public until they can be assured that they can reach this vast public market.

The leadership of the Joint Board can be a pivotal factor in determining whether the public's lifeline to these new services- the last mile network- will be upgraded in timely and equitable fashion. It is the last mile network which will determine the extent to which any of these networks can ultimately reach citizens in their homes. Not a single high speed network in this country - the Internet, NREN, the various state wide networks, the private networks- can ever hope to link up all of the citizens of this country until this last mile network is upgraded to accommodate advanced telecom services.

The Joint Board must design universal service support mechanisms so as to create incentives for carriers to plan the deployment of their advanced telecom networks to the home in an equitable fashion to reach both affluent and less affluent populations and both densely populated and less densely populated communities and regions.

The very fact of an aggressive leadership stance by the Joint Board can by itself be an important factor in bringing the infrastructure costs down and in accelerating the development of advanced telecom services as the telecom industry gears up finally for the mass market which FCC's involvement can mean.

2. Universal service mechanisms must be directed to the home

The Federal-State Joint Board policies and programs must be directed to the goal of making advanced telecom services available to citizens in their homes.

Arguments are made that the benefits of these services can still be made available to citizens by linking the Internet network, for example, to public terminals located in various public sites in the community such as libraries, schools, government buildings or

public kiosks. While these locations will be important to enable some citizens to access selected health care information services, there are serious drawbacks to the adequacy of these options to ensure access to most health care services.

Every library in this country is struggling with staying alive. Libraries are closing on weekends and shortening their hours. Library staffs are being cut as the costs of books and periodicals are soaring and their budgets are being slashed. Even if these facilities were linked to the Internet with high speed wires- an unlikely prospect for many communities given their library budgets- their shortened hours and curtailed services make them a poor alternative for busy working families whose only available times to utilize their services would be in the evenings and weekends when they are most likely to be closed. For many communities libraries simply do not exist any more.

Schools, unfortunately, present many of the same problems. Many schools do not even have telephone capacity for their teachers. Many do not even have libraries. Schools, too, are closed for long periods during the year. Most schools suffer from overcrowding and serious security problems. They have trouble accommodating their own students much less being forced to open their school facilities for public terminals to service their communities.

Electronic kiosks in public places such as shopping malls might be more accessible to the public but they are expensive to install. Applications development for a group of kiosks, for example, could run up to \$200,000. This might be a reasonable investment for certain kinds of directory type information services. However, kiosks are not suitable for most educational and health care applications where citizens want time and privacy to find and digest the information in which they are interested. Kiosks are clearly totally unsuitable for homebound patients requiring consultations and treatment by their health care providers and home care workers.

3. Universal service mechanisms must be flexible

Today, many telecommunications network services have already embraced high speed data and graphics transmissions and are starting to embrace two way symmetrical video services. Demand for these higher speed communications is beginning to mount. Since deployment of this evolving advanced telecom infrastructure will be uneven from community to community and region to region, it is essential that the Joint Board not create static universal service support mechanisms on a one size fits all basis. The universal service support mechanisms which they adopt must be sufficiently flexible so that they can be adapted as advanced telecom networks are deployed.

4. The Need to establish a package of basic services

It is likely that in the advanced telecom world, there will not be a demand for one set of "basic public services". Rather demands for various types of publicly oriented services will be generated by different segments of the population at different times in their lives. The needs of low income families -especially for information video oriented products- will differ substantially from those of affluent families. For low income families with low levels of literacy and poor language skills, textual information will be virtually useless. Graphics and video will be essential to help these families cope with their health care needs. Meeting the demands for electronic delivery of health care services to the home by families with children for educational services, by politically active families for links to their civic governments, by working families for transactional services or by retirees and families with chronic conditions or aging relatives will require different public service packages. Thus basic service in the advanced telecom worlds will probably embrace a series of public service packages from which families can choose the basic package they want at any given time in their life cycles. This package will probably be a mixture of band widths geared to the different network capabilities which these various applications and population segments may require. The Joint Board must take these different basic public service needs into account in designing their universal support mechanisms.

5. The Universal Service Support mechanisms must give effect to the 1996 Act's mandate about usability of the network by persons with disabilities.

6. The Federal-State Joint Board must institute regular universal service reporting requirements.

The Joint Board, in fulfilling their mandate to ensure universal access by the public to the full panoply of advanced telecom services, must start now to lay out the standards which last mile advanced networks to the home should meet. These standards must encompass clear deployment guidelines so as to prevent redlining of low income and minority populations and less densely populated communities.

At the same time, they should establish a national monitoring and data collection system to track national progress towards the goal of ensuring universal service for the public in as timely a fashion as possible.

Annual deployment reports must be required of carriers and other network providers laying out the location and capabilities of advanced telecom networks (with special attention to two way symmetrical video capabilities) to ensure equitable network deployment between economically disadvantaged or less densely populated communities and the more affluent and populous portions of the area served by the network provider and to reflect a

reasonable deployment relationship between rural, urban and suburban communities and between the various levels of income of the populations within these communities.

This data collection system must also embrace information on the development by states and utilities of advanced telecom networks.

Once this data is collected, it will be possible to prepare national infrastructure maps and to police the availability of these advanced networks envisaged by the 1996 Act by its 30 month review direction.

7. Making available advanced services affordable will be critical for low income consumers.

Issues of affordability for low income citizens have always haunted the achievement of universal service goals. Despite lifeline assistance programs, too many low income families have discontinued their phone service because it was unaffordable- not because of the rates but because these families could not control their family's long distance usage and collect calls. Imaginative basic service packages might have alleviated some of these problems if they had been designed to enable these families to control or preselect their usage level.

These issues of affordability will be even more critical with respect to advanced services which if denied to low income citizens will further exacerbate their inability to participate in the mainstream of society.

Today what health care services are available to low income citizens require them to come to a clinic or emergency room. The walk-in equivalent of these services in the new telecom health care service age will be the collect call. These can be as easily budgeted for by the health care provider, HMO or health clinic as can walk-in visits and indeed in most case would be less expensive than maintaining staff on hand to handle these unscheduled walk-in visits. One way to look at affordability, therefore, in this new advanced telecom age, will be to design basic service packages which permit families to make preselected collect calls with the appropriate band width relevant to the service being sought. This collect call access to advanced services can be made a part of a consumer's plan of care and thus agreed to in advance by the health care facility or provider in question just as is the type of health care provider or the number of hours and type of assistance they need.